

the new bills should be covered by coin or bullion and that the other two-thirds should be represented in the assets of the bank by securities or commercial paper. An arrangement was also concluded between the government and the bank for the retirement of 100,000,000 florins in small notes by the pledge of the domains of the State. War with Italy upset these carefully laid plans and on April 29, 1859, the bank was again released from the obligation of coin redemption, and the government appealed to it for a loan of 200,000,000 florins. This was met, to two-thirds of its face value, by the issue of bank-notes entirely in denominations of five florins (\$2.50). The public had no use for so many small bills and they rapidly returned to the bank. The loan with which it was sought to pay this advance by the bank proved a failure and the government was compelled to deliver a variety of securities in addition to the unplaced obligations of the loan, with a condition that they should not be marketed before November 1, 1861.<sup>x</sup>

The management of the bank decided on May 9, 1853, to issue the 49,379 shares which had remained undisposed of since 1820 and they gave the preference to the holders of the original shares, at the rate of 800 florins payable in bank bills, which were then below par. The bank was again authorized by a decree of October 21, 1855, to loan money on mortgages and issue mortgage bonds. This branch of business rapidly developed and on December 31, 1858, already employed about 37,000,000 florins (\$18,500,000). The capital of the bank was again doubled and immediately afterwards increased by 50,000 new shares issued at the rate of about 725 florins, which made the total capital on December 31, 1855, about 110,250,000 florins (\$55,000,000). A law of November 13, 1868, reduced the capital again to 90,000,000 florins (\$45,000,000).

The approach of the termination of the privileges of the bank led to an earnest discussion, which resulted in the law of December 27, 1862, remodelling the charter of the insti-

<sup>1</sup> Leroy-Beaulieu, II., 650.